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SUBJECT: SOUTH AFRICAN VIEWS ON CLIMATE NEGOTIATIONS

REF: (A) STATE 107536
(B) PRETORIA 1762
(C) PRETORIA 2166

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11. (SBU) SUMMARY AND ACTION REQUEST: Per action request in Ref A, post requested a meeting with South African climate negotiators, but was told they are not available until November. In the meanwhile, this cable lays out context for South Africa's negotiating positions to date, based on September meetings with the negotiators and other local reports and statements. Post is convinced the SAG could be a key to successful talks in Copenhagen and stands ready to engage SAG and other interlocutors in any way Department advises to give those talks their best chance of success. Post would appreciate further guidance from the Department on the border tax issue on an if-raised basis and whether/how to engage the SAG on its proposal for the "lifecycle" of nationally appropriate mitigation actions.

SOUTH AFRICA'S POSITION ON CLIMATE

12. (U) Economic Minister Counselor and Environment, Science and Technology Officer last met with South Africa's lead climate negotiators, Joanne Yawitch and Alf Wills, on September 11. Wills and Yawitch are Deputy Directors-General in the newly reconfigured Department of Water and Environmental Affairs (DWEA). Yawitch is responsible for national climate policy implementation, while Wills is the lead climate negotiator in international fora, including the UN Framework Convention on Climate Change (UNFCCC) and the Major Economies Forum (MEF). (NOTE: In August, Wills had publicly summed up South Africa's position on climate as "no money, no deal." END NOTE.) As U.S. negotiators know, South Africa plays an active role in the negotiating sessions as one of the lead countries of the G77/China developing nations group. In the run up to the September 25 UN Climate Summit in New York and the Bangkok meetings, South African government officials, including Environment Minister Buyelwa Sonjica, were on record stating that South Africa is not willing to agree to quantified emissions targets that would undermine the country's economic growth. Nonetheless, post views the South African proposal for a registry of self-financed, nationally appropriate mitigation actions as a strong indication that the SAG is thinking creatively about how to bring developed and developing countries closer.

13. (U) South Africa's climate and energy policy is guided by the Long Term Mitigation Scenarios (LTMS), a research project

coordinated by the Department of Environmental Affairs, which calls for the country's CO2 emissions to peak between 2020 and 2025, stabilize for ten years, then begin to decline in absolute terms by mid-century. , However, this scenario is contingent upon South Africa receiving adequate finance and technology support under a new climate agreement. South Africa is prepared to take nationally appropriate mitigation actions that reduce emissions below a business-as-usual trajectory, consistent with actions proposed for advanced developing countries under the Bali Action Plan..

FUTURE OF THE KYOTO PROTOCOL

¶4. (U) According to news reports, Wills and a number of developing country negotiators staged a walkout from an informal working group meeting on the Kyoto Protocol, accusing developed nations of trying to "kill Kyoto." (Note: According to one observer, only a handful of delegates walked out and discussions continued. End Note). South Africa, along with other developing countries, does not want the Kyoto Protocol folded into a new Copenhagen legal framework, and that targets for Kyoto's second commitment period from 2013 should be on a parallel but separate track from any new agreement. They oppose efforts by developed nations to "cherry pick" or merge parts of the Kyoto Protocol into a new Copenhagen agreement on the grounds that it would allow Annex I developed countries to water down their emissions reduction commitments and it muddies the distinction between developed and developing countries' binding mitigation actions.

SOUTH AFRICA'S NEW PROPOSAL ON NAMA "LIFECYCLE"

¶5. (U) The South African proposal mentioned in Para 9 of Ref A,
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which appears to deviate from the standard G77 position on nationally appropriate mitigation action (NAMA) registries, is consistent with Wills and Yawitch's expressed commitment that South Africa will "engage constructively" on climate change.

FINANCE

¶6. (U) Besides mitigation, the other major sticking point at the Bangkok talks was finance. South Africa stands firm with other developing countries in their view that developed countries will need to commit to massive public financing to seal a deal in Copenhagen. Wills and Yawitch expressed the belief that private investment is not sufficient and that, at least initially, large infusions of multilateral funding will be required to make interventions where markets are failing, to enable countries (including South Africa) to "get off first base." Once momentum is established, the market will be ripe for the private investment flows that will ultimately provide the majority of funding for mitigation efforts and the transformation to a low-carbon economy. At a press briefing in September, Yawitch stated that South Africa wanted to ensure "massively scaled-up, predictable and sustainable financial flows" from developed countries to the developing world of between 200 billion and 400 billion dollars per year until 2020.

ONE SIZE DOES NOT FIT ALL

¶7. (U) Wills and Yawitch explained that a major problem for South Africa is its categorization as a "developing country with greater capability," along with China, India, Brazil and others, under the tiered climate framework proposed by the U.S. In their view, this would make South Africa ineligible for public multilateral finance and technology support. While acknowledging that the U.S. proposal explicitly reflects "common but differentiated responsibilities and respective capabilities," Wills and Yawitch opined that the U.S. has

an "un-nuanced view" of South Africa's special circumstances. They argued that South Africa should not be lumped together with countries such as China and India that have much larger populations, bigger economies, and a different set of challenges and capabilities. In their view, a tiered approach is designed to help the U.S. solve its domestic political challenges with regard to China (i.e., getting Congress to accept emissions cuts in return for concrete mitigation actions by the other major emitters). South Africa views itself as a developing country with special historical circumstances that make it different from other major emitters, a country that will be seriously disadvantaged if it does not have access to public financing and technology support.

SOUTH AFRICA'S SPECIAL CIRCUMSTANCES

18. (U) South Africa sees itself as a "middle income developing country," with an advanced manufacturing and services sector but also with special challenges in common with the Least Developed Countries (LDCs). While a small segment of its population is wealthy, large numbers of South Africans live in poverty and the government is still grappling with the lingering economic and social effects of apartheid. After the transformation to democratic majority rule in 1994, high expectations were placed on the government to improve living standards for the poor. While progress has been made in some areas, South Africa now has the world's highest level of income inequality, as measured by the Gini coefficient index. Service delivery by the government in all sectors - housing, water, sanitation, power - is currently a hot topic and occasionally sparks violent protests, most recently in Sakhile township near Johannesburg. For South Africa, the development imperative and poverty alleviation have a more immediate and higher priority than emissions reductions.

ENERGY CHALLENGES DICTATING CLIMATE POLICY

19. (U) South Africa relies on coal for 90 percent of its electricity generation and intends to continue building coal-fired power plants in the short and medium term to respond to an ongoing power crisis and to accommodate future economic growth. (REF C on the electricity situation provides further context.) The global recession has provided South Africa with a temporary respite in energy demand, but reserve margins are razor thin (less than 10

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percent) and the threat of rolling blackouts and power rationing, as occurred in 2008, remains high. Wills and Yawitch acknowledged that South Africa has enormous potential for renewable energy (solar, wind, biomass), but that the technologies have not scaled up sufficiently to meet mitigation targets. As reported in Ref B, serious institutional and market barriers remain, including state power utility Eskom's virtual monopoly of the electricity market, which has hindered the uptake of clean technologies. Eskom recently announced proposed electricity rate hikes of 45 percent annually over the next three years to cover current operating costs and partially fund their 385 billion Rand (USD \$52 billion) capital expansion program. While rate hikes may encourage the development of renewable energy sources, they will be a heavy burden on a fragile economy and a difficult adjustment for residential and industrial consumers.

SOUTH AFRICA AS CHAMPION OF LESS DEVELOPED AFRICAN COUNTRIES

110. (U) In addition to its role as a major economy and greenhouse gas emitter, South Africa wears another hat as champion for less developed African countries, which share with South Africa many of the same problems of poverty, access to clean water and sanitation, HIV/AIDS and other development issues. Wills and Yawitch expressed concern that the differentiation between different categories of developing countries in the climate talks is counterproductive. In

their view, LDCs fear that because the more advanced developing countries have greater capacity to leverage financial and technological support under a climate deal, the economic and technology gaps between advanced developing countries and LDCs will be further exaggerated. Wills stated that the LDCs need to be fully included in support mechanisms of the Copenhagen deal to enable them to "leapfrog" into clean energy technologies.

COMMENT

11. (SBU) Post is convinced the SAG could be a key to successful talks in Copenhagen if properly consulted and lobbied as a partner and a unique player by the USG. SAG negotiators are engaged thoroughly in preparations for the Copenhagen talks and clearly prepared to work with the USG and other governments to get to an agreement there. Post stands ready to engage SAG and other interlocutors in any way Department advises to give those talks their best chance of success. In preparation for further discussions, post would appreciate further guidance from the Department on the border tax issue (Para 14 of Ref A) and whether/how to engage the SAG on its proposal for a "lifecycle" of nationally appropriate mitigation actions.
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